

PERFORMANCE MEASUREMENT MATTERS

DEPARTMENT OF MANAGEMENT & BUDGET

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Fairfax County Continues Collaborative Approach for Performance Measurement

Last September, Fairfax County hosted a group of neighboring jurisdictions and a few other Virginia localities to initiate a Regional Performance Measurement Consortium. With local governments in different phases of performance measurement, it was an enlightening session for all to learn from peers and share common experiences. The group, consisting of the cities of Alexandria, Richmond, Virginia Beach, and the District of Columbia; the counties of Arlington, Chesterfield, Fairfax, Loudoun, Prince Georges, Prince William, Montgomery; and the Town of Herndon, agreed on the benefit of meeting semiannually to continue to share information as well as initiate a benchmarking partnership.

The meeting on September 14, 1999 was the third time this group met. David Bernstein of Montgomery County spoke about Service Efforts and Accomplishments Reporting, while Sharon Randol of Chesterfield County addressed that jurisdiction's experience of linking their strategic plan with performance measures. From outside the Consortium, Michael Lawson of the International City and County Management Association shared that organization's model for comparative performance measurement.

The informational portion of the program gave way to some hands-on work in the afternoon when the group focused on particular program areas for benchmarking. The Consortium's intent is to start with 10-12 measures, and agree on common definitions to ensure the closest "apples to apples" comparisons in a limited number of program areas before broadening the scope. The areas selected for comparison

are police, fire, library, health (child/family), environment, recycling, fleet management, and employee turnover. The last area, which differs from the other programmatic selections, was chosen to enable the Consortium to incorporate a component of the Balanced Scorecard – the Learning and Growth Perspective (for more on the Balanced Scorecard, refer to Kaplan, Robert S. and David P. Norton, *The Balanced Scorecard: Translating Strategy into Action*, Harvard Business School Press, 1996).

While the group was able to select the seven areas, specific measures are still under development. Representatives from each jurisdiction will provide input on measures with definitions in order to achieve consensus on the particular indicators the Consortium will benchmark. The target is to have this selection made in November with data collection anticipated in December 1999. To encourage as widespread participation as possible, the group agreed that "in order to get, you have to give," a benchmarking principle. In other words, benchmarking is not a spectator sport, but through active participation, the jurisdictions will be able to compare performance and learn from the high performers.

What's in a Name? Performance Measurement/ Performance Management

If you've been keeping up with recent County developments via the *Changing Times* in Fairfax newsletter or the biweekly *Courier*, you've undoubtedly come across updates on the pay for performance initiative which, together with the new employee evaluation system, is known as the **Performance Management System**. It sounds much like **Performance Measurement**, also PM, and has confused more than one person.



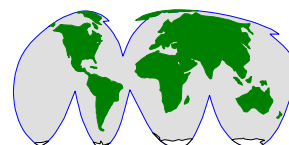
Semantics aside, there are other similarities in the terminology that both initiatives use, e.g., goals. In addition, it is a logical extension to link agency performance (performance measurement) with employee performance (performance management).

The County's current Performance Measurement system, however, was implemented two years ago to enhance accountability and decision-making as well as continuous improvement. These are similar objectives of the Performance Management System. For Performance Measurement, existing agency goals, objectives, and indicators were improved to include quantified targets and a balanced picture of the agency's performance toward those goals using output, efficiency, service quality, and outcome indicators. The Performance Management System now being developed is focused on individual employee performance. It is based on the recommendations of the Compensation Task Force. That system is being developed by a working group consisting of consultants from the Hay Group and County employees serving on the Steering Committee appointed by the County Executive.

In summary – two initiatives, similar in name, *but distinct systems*. So if you hear about a brownbag lunch or training session, stop and think, what did they say? Performance **measurement**, which addresses agency performance, or performance **management**, which is focused on individual performance? It's all in the name.

Don't Forget the PM Website:

<http://infoweb/omb/pfmeasure.htm>



Got a Database or Ideas for One?

Fairfax County provides its citizens, elected officials, and senior management with an extensive array of performance data to ensure accountability and allow better decision-making. However, this presents a challenge for managing such a large volume of data. To address this, the Performance Measurement (PM) Team is currently studying various alternatives for a PM database. Different approaches range from a simple Access-type database that would be used only by Department of Management and Budget staff, to a more comprehensive application, possibly intranet-based, that would be accessible to all agencies.

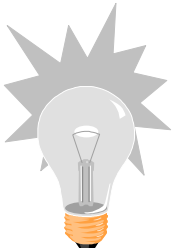
The PM Brownbag Lunch held this past Tuesday, October 5, 1999, was the first opportunity to solicit input on a potential database. A number of County staff turned out to provide their suggestions.

Among the comments received were to first focus on the type and timing of information used by the Department of Management and Budget for the annual budget. Those attending seemed to like the idea of an intranet-type application, but some expressed concern about how preliminary data would be viewed and/or used.

Other suggestions included the capability to import data from applications such as EXCEL to avoid having agencies re-key data, as well as providing shells for agencies to track data that might not be printed in the annual budget, but which they want to track internally.

This will not be the only forum for collecting input to be used in a requirements analysis. Over the next few months, the Team will be using various methods to gather and evaluate input. If you have any ideas or suggestions for a performance measurement database, please forward them to Laurie Shertzer of the PM Team at 246-3284 or e-mail LSHERT.

ON SUCCESS



I have not failed. I've just found 10,000 ways that won't work.

Thomas Edison

DMB Co-Hosts Benchmarking Program with Northern VA Chapter of ASPA

When Ed Long, Fairfax County's Chief Financial Officer, delivered the opening remarks for a benchmarking program jointly sponsored by the Department of Management and Budget and the Northern Virginia Chapter of the American Society for Public Administration (ASPA), he noted the challenges and opportunities that benchmarking presents for local governments. County employees and ASPA members learned what he was talking about when several local experts shared their experiences. Cathy Spage, President of the ASPA Chapter and a member of the PM Team was instrumental in bringing this informative program to the County.

The session began with Martha Marshall, a management consultant specializing in helping government and non-profit organizations improve performance and achieve results. She defined benchmarking, explained the different types (strategic, performance, or process benchmarks), and why you might benchmark, as well as the steps of benchmarking.

The second half of the program included presentations by three distinguished panel members. All three panelists, who have been involved with efforts to improve the delivery of services through the application of this method, provided case studies of the merits of benchmarking as well as some of the challenges.

The first speaker, David Bernstein, is the Evaluation Manager for Montgomery County's Department of Finance. He is responsible for research, development, and oversight of his department's performance measurement system, and for developing reports on financial and non-financial measures of County performance. He also serves as Research Consultant to the Governmental Accounting Standards Board (GASB) as part of a cooperative agreement between GASB and the Montgomery County Finance Department. Mr. Bernstein shared his perspective on benchmarking, how it can be used, particularly for reporting Service Efforts and Accomplishments (SEA) as recommended by GASB.

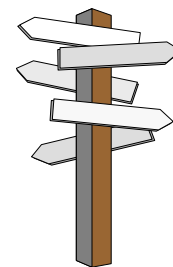
He noted that what standardized financial reporting does for accountability, SEA reports can do for government services by demonstrating how resources are used and

the results that are achieved through the investment of those resources.

Fairfax County's own Margo Kiely, Director of the Department of Systems Management for Human Services, shared information collected as part of her work on the National Partnership for Reinventing Government. That group conducted a benchmarking study on the use of balanced performance measures by local government. Her presentation focused on a systems view of benchmarking, and defined benchmarking as a structured process to find, adapt, and implement best practices to improve organizational performance. She outlined what successful benchmarking requires, and emphasized that careful planning and analysis, commitment of time and resources, and the will to implement new ideas and best practices are essential.

The program concluded with Jim Webster, the Chief Auditor for Prince William County, who focused primarily on his County's Service Efforts and Accomplishments (SEA) reporting. He covered why Prince William County developed such a report, how it fits in with their performance improvement efforts, and the lessons learned along the way. Mr. Webster cautioned against inadequately defining mission statements for what you want to accomplish, failing to define measures clearly, making apples to oranges comparisons, not providing sufficient agency involvement, improperly selecting comparison jurisdictions, and having no process for validating data. These are all points well taken by anyone contemplating a similar effort.

If you would like to review copies of these presentations, they are available in the DMB Performance Measurement Library.



ON DIRECTION

Even if you're on the right track, you'll get run over if you just sit there.

Will Rogers

Performance Measurement Matters is published quarterly by the PM Team. Editor: Barbara Emerson, Technical Support by Frann Mummert, Department of Management and Budget. Advisory staff: Sara Simmons, Department of Planning and Zoning.